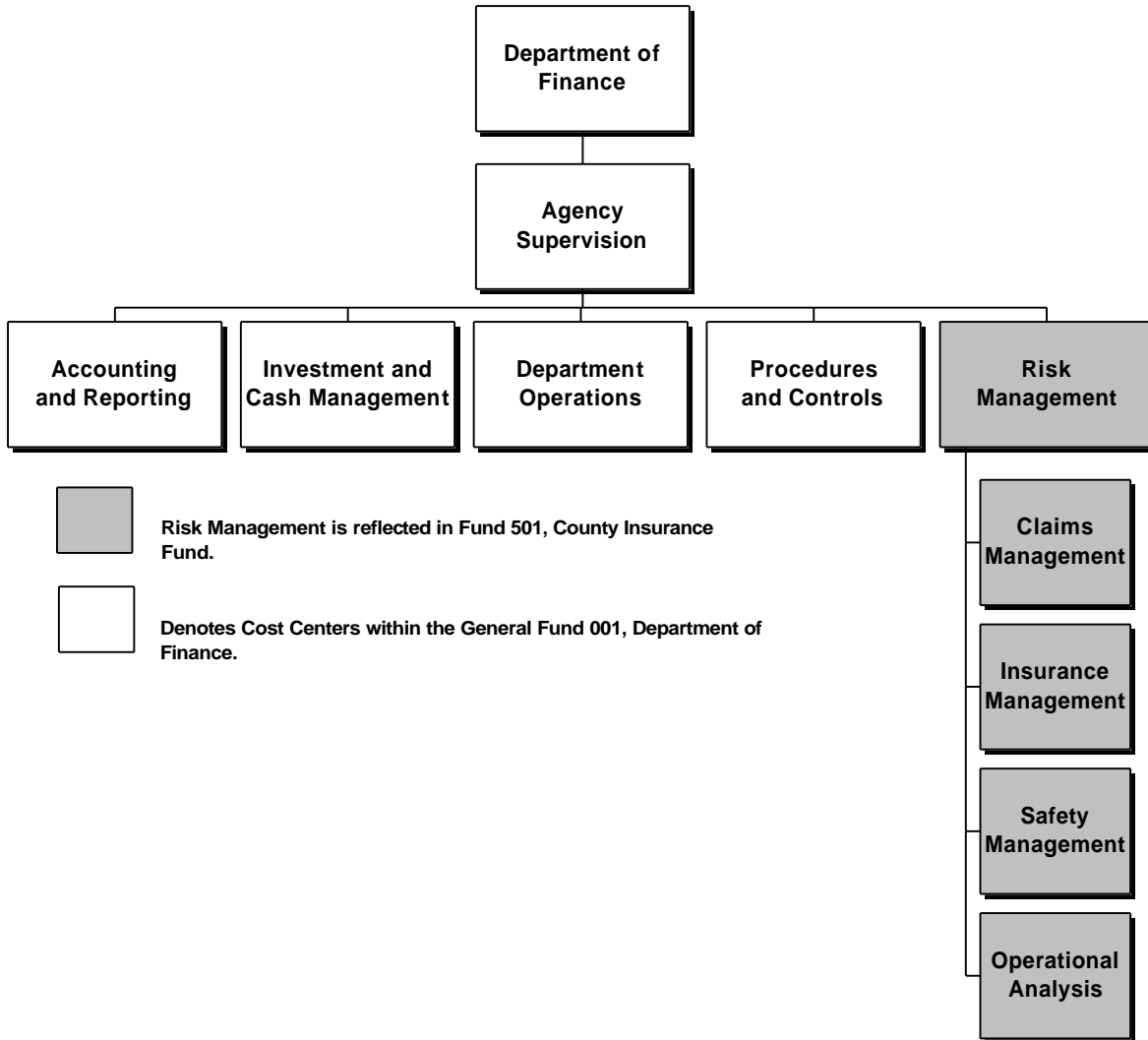


FUND 501, COUNTY INSURANCE FUND



FUND 501

COUNTY INSURANCE FUND

Agency Position Summary

Fund 001:	70	Regular Positions	/	70.0	Regular Staff Years
Fund 501:	<u>13</u>	Regular Positions	/	<u>13.0</u>	Regular Staff Years
	83	Total Positions	/	83.0	Total Staff Years

Position Detail Information

AGENCY SUPERVISION

1	Director
1	Deputy Director
1	Secretary III
<u>1</u>	Secretary II
4	Positions
4.0	Staff Years

Information Technology

1	Computer Systems Analyst III
<u>2</u>	Computer Systems Analysts I
3	Positions
3.0	Staff Years

Documentation

<u>1</u>	Accountant III
1	Position
1.0	Staff Year

DEPARTMENT OPERATIONS

1	Management Analyst III
1	Administrative Aide
<u>2</u>	Account Clerks II
4	Positions
4.0	Staff Years

Disbursements

<u>1</u>	Accounting Technician
1	Position
1.0	Staff Year

INVESTMENT AND CASH MANAGEMENT

1	Investment Manager
2	Investment Analysts
<u>1</u>	Account Clerk II
4	Positions
4.0	Staff Years

ACCOUNTING AND REPORTING

<u>1</u>	Chief Finance Division
1	Position
1.0	Staff Year

Accounting Team

1	Accountant III
4	Accountants II
<u>1</u>	Accounting Technician
6	Positions
6.0	Staff Years

Billable Revenue Team

1	Accountant III
1	Accountant II
<u>1</u>	Accountant I
3	Positions
3.0	Staff Years

Financial Reporting Team

1	Accountant III
<u>2</u>	Accountants II
3	Positions
3.0	Staff Years

Quality Assurance Team

1	Accountant III
2	Accountants II
<u>1</u>	Account Clerk II
4	Positions
4.0	Staff Years

Systems Reporting Team

1	Accountant III
2	Accountants II
<u>1</u>	Account Clerk II
4	Positions
4.0	Staff Years

Grants Team

1	Accountant III
1	Accountant II
<u>1</u>	Account Clerk II
3	Positions
3.0	Staff Years

PROCEDURES AND CONTROLS

1	Chief Finance Division
<u>1</u>	Secretary I
2	Positions
2.0	Staff Years

Accounts Payable

1	Accountant III
3	Accounting Technicians
3	Administrative Aides
<u>7</u>	Account Clerks II
14	Positions
14.0	Staff Years

Systems Administration

2	Accountants III
<u>2</u>	Management Analysts II
4	Positions
4.0	Staff Years

Financial Control

1	Accountant III
1	Accounting Technician
<u>2</u>	Account Clerks II
4	Positions
4.0	Staff Years

Bank Reconciliation

1	Accounting Technician
1	Administrative Aide
<u>3</u>	Account Clerks II
5	Positions
5.0	Staff Years

RISK MANAGEMENT*

1	Risk Manager
<u>1</u>	Administrative Aide
2	Positions
2.0	Staff Years

Insurance Management

<u>1</u>	Insurance Manager
1	Position
1.0	Staff Year

FUND 501

COUNTY INSURANCE FUND

Claims Management

1	<i>Claims Manager</i>
1	<i>Claims & Rehab. Supervisor</i>
1	<i>Rehabilitation Specialist</i>
1	<i>Rehabilitation Tech.</i>
2	<i>Claims Specialists</i>
1	<i>Clerical Specialist</i>
7	<i>Positions</i>
7.0	<i>Staff Years</i>

Safety Management

1	<i>Safety Manager</i>
1	<i>Safety Analyst</i>
2	<i>Positions</i>
2.0	<i>Staff Years</i>

Operational Analysis

1	<i>Risk Analyst</i>
1	<i>Position</i>
1.0	<i>Staff Year</i>

*Positions shown in italics are funded
in Fund 501, County Insurance Fund.

FUND 501 COUNTY INSURANCE FUND

Agency Mission

To monitor risk and loss exposures associated with workers' compensation and other liabilities, maintain liability insurance or self insurance funding reserves, and conduct safety and loss prevention programs for County agencies in order to minimize risk and loss potential.

Agency Summary					
Category	FY 2000 Actual	FY 2001 Adopted Budget Plan	FY 2001 Revised Budget Plan	FY 2002 Advertised Budget Plan	FY 2002 Adopted Budget Plan
Authorized Positions/Staff Years					
Regular	13/ 13	13/ 13	13/ 13	13/ 13	13/ 13
Expenditures:					
Personnel Services	\$779,954	\$842,466	\$842,466	\$895,640	\$904,596
Operating Expenses	5,385,731	8,262,711	8,237,437	8,155,790	8,155,790
Capital Equipment	1,725	0	0	0	0
Total Expenditures	\$6,167,410	\$9,105,177	\$9,079,903	\$9,051,430	\$9,060,386

Summary by Cost Center					
Category	FY 2000 Actual	FY 2001 Adopted Budget Plan	FY 2001 Revised Budget Plan	FY 2002 Advertised Budget Plan	FY 2002 Adopted Budget Plan
Risk Management	\$913,253	\$932,946	\$949,795	\$1,041,968	\$1,050,924
Self-Insured Risks	4,019,871	6,865,620	6,823,497	6,610,962	6,610,962
Commercially Insured Risks	1,234,286	1,306,611	1,306,611	1,398,500	1,398,500
Total Expenditures	\$6,167,410	\$9,105,177	\$9,079,903	\$9,051,430	\$9,060,386

Board of Supervisors' Adjustments

The following funding adjustments reflect all changes to the FY 2002 Advertised Budget Plan, as approved by the Board of Supervisors on April 30, 2001:

- The 1.0 percent cost-of-living adjustment approved by the Board of Supervisors, and previously held in reserve, has been spread to County agencies and funds. This action results in an increase of \$8,956 to the County Insurance Fund.
- A net decrease of \$1,576,530 as part of the \$15.8 million Reductions to County Agencies and Funds approved by the Board of Supervisors. This reduction includes a decrease of \$1,576,530 to the County Insurance Reserve by reducing the General Fund's Worker's Compensation premiums in FY 2002.

The following funding adjustments reflect all approved changes to the FY 2001 Revised Budget Plan from January 1, 2001 through April 23, 2001. Included are all adjustments made as part of the FY 2001 Third Quarter Review:

- Net savings of \$25,274 primarily in Personnel Services are associated with the Close Management Initiatives program. The net savings are returned to fund balance for investment in future program initiatives.

FUND 501

COUNTY INSURANCE FUND

County Executive Proposed FY 2002 Advertised Budget Plan

Purpose

Fairfax County has a statutory responsibility to provide Workers' Compensation benefits, including medical treatment and loss of wages due to related disability, to employees who sustain occupational injuries and illnesses. To fulfill this obligation, Fund 501, the County Insurance Fund, was established to disburse and account for expenditures related to Workers' Compensation claims. The Fund was consolidated as of July 1, 1990, to include funding for all insurance and self-insurance related expenses, as well as the Risk Management Cost Center expenses.

Since FY 1963, the County and the School Board had jointly self-insured for Workers' Compensation claims and had administered the program through an independent claims service company monitored by the County's Department of Finance. In FY 1987, the Risk Management Division was created in the Department of Finance to monitor the performance of the claims administrators to ensure that claims are properly adjusted and payments are processed in a timely fashion. The Risk Management Division also manages the County's property/casualty insurance as well as the employee safety program. Beginning in FY 1993, the School Board established its own self-insurance fund to handle School employee claims. The expenditures for claims and liabilities associated with the School system are no longer reflected in Fund 501.

In addition to the Workers' Compensation program, the Risk Management Division also administers the County's Insurance Program which provides self-insurance for automobile and general liability claims against the County and the commercial insurance for various other County liabilities, such as aviation insurance on the County helicopters, real property loss, and Fire and Rescue vehicle damage insurance.

Fund 501, the County Insurance Fund, includes four major programs - Claims Management, Insurance Management, Employee Safety, and Operational Analysis. The Claims Management Program monitors the progress of all County claims by providing the necessary coordination with the claims service companies and various County agencies, and internally administers self-insured claims such as public officials and police professional liabilities, real property, and vehicle collision and comprehensive claims. The Insurance Management Program evaluates and determines the most cost effective manner of providing insurance against County liabilities posed by the various operational risks. The Employee Safety Program evaluates work place hazards and recommends appropriate controls for abatement to minimize exposure of employees and other personnel, thus contributing to reduced claims. The Operational Analysis Program assesses operational risks and determines methods of treatment and mitigation.

Key Accomplishments

- ◆ Performed an actuarial study at the end of FY 2000 that projected an Insurance Fund surplus of \$12.6 million. As recently as FY 1996, the fund was in a \$5.5 million deficit. This significant turn around clearly indicates the various safety, rehabilitation, claims management, risk analysis, and competitive insurance programs implemented over the past several years are producing significant positive financial results.
- ◆ Implemented rehabilitation initiatives including the fair and expeditious handling of medical treatment involved in Workers' Compensation claims and coordination with the employees' Departments.
- ◆ Reduced liability to an employee's agency by returning the employee to regular or light duty jobs.
- ◆ Established and implemented a work place violence program, which included a training program, attended by approximately 2,000 employees.

FUND 501

COUNTY INSURANCE FUND

- ◆ Implemented an Ergonomics assessment program assisting nearly 150 employees.
- ◆ Developed a Property site review program in which over 90 County buildings have been reviewed for proper insurance values.
- ◆ Implemented a Risk Safety assessment program that assesses agency location, operational risk, and security issues.
- ◆ Developed a Risk Management Division web site for dissemination of information to both employees and citizens.
- ◆ Implemented a dispute resolution program resulting in a reduction in Workers' compensation litigation.
- ◆ Developed a Risk Management Division training team to provide County agencies education on various claims, risk, safety, and insurance topics.
- ◆ Expanded the physicians series program to a quarterly Employee Health and Wellness program.

FY 2002 Initiatives

Develop and implement an on line (E-Commerce) Risk Management Division program to include claims reporting, safety data, and an inventory asset notification process. Implementation of an on-line, internet-based system will reduce reporting time for accidents and injuries, safety exposures, and the time between acquiring valuable county inventory and protecting the asset through insurance coverage.

Performance Measurement Results

The Risk Management Division continues to achieve its performance goal of processing 90 percent of all claims within 30 business days of the incident and achieving agency compliance with 75 percent of recommended safety improvements resulting from completed safety inspections.

The average claims processing time in FY 2000 was 17 days and the Division anticipates a processing time of no more than 20 days in FY 2001 and FY 2002, which is well within the 30-day goal. The Division processed 92 percent of the claims within the 30-day goal and exceeded its performance measurement by 2 percentage points in FY 2000. The Division projects that it will meet its goal of processing at least 90 percent of all claims within the 30-day parameter in both FY 2001 and FY 2002.

Recommendations resulting from safety inspections were implemented by agencies at a rate of 77 percent, a 2 percentage point increase above the goal. The Division also projects an implementation rate of 77 percent for 2001 and 2002. The Division will continue to pursue and implement safety programs and claims procedures that will reduce losses and the associated expenditures resulting from accidents.

Funding Adjustments

The following funding adjustments from the FY 2001 Revised Budget Plan are necessary to support the FY 2002 program:

- ◆ An increase of \$53,174 in Personnel Services associated with salary adjustments necessary to support the County's compensation program.
- ◆ A decrease of \$102,766 in Operating Expenses is primarily attributable to a reduction of \$254,580 in self-insured risks costs based on actual experience, partially offset by an increase of \$91,889 for commercial insurance premiums due to increased insurance rates and increased County assets including the newly expanded Adult Detention Center.

FUND 501

COUNTY INSURANCE FUND

- ◆ A decrease of \$4,155 in Department of Vehicle Services charges based on anticipated charges for fuel, the County motor pool, vehicle replacement, and maintenance costs.
- ◆ A revenue reduction of \$2,419,211 in the General Fund Worker's Compensation premium due to better than anticipated claims experience.

The following funding adjustments reflect all approved changes to the FY2001 Revised Budget Plan since passage of the FY 2001 Adopted Budget Plan. Included are all adjustments made as part of the FY 2000 Carryover Review and all other approved changes through December 31, 2000:

- ◆ There have been no revisions to this fund since approval of the FY 2001 Adopted Budget Plan.

The following tables identify funding for each self-insured and commercially insured line of coverage:

Self-Insured Lines of Coverage

	FY 2001	FY 2002
Workers' Compensation Claims Service Fee	\$424,880	\$437,626
Workers' Compensation Administrative Expenses	15,999	15,000
Workers' Compensation Rehabilitation Claims	176,543	130,000
Workers' Compensation Medical Claims	2,746,529	2,743,529
Workers' Compensation Indemnity Claims	2,505,915	1,854,955
Workers' Compensation Subrogation Recovery	(375,025)	(375,025)
Workers' Compensation Tax	163,593	163,593
Subtotal Workers' Compensation	\$5,658,434	\$4,969,678
Automobile Liability Claims Expenses	\$958,948	\$1,343,182
Auto Subrogation Recovery	(98,323)	(98,323)
General Liability Claims Expenses	217,546	219,304
Police Professional Liability	16,445	10,445
Public Officials Liability	26,636	66,676
Property Perils Deductible	85,934	100,000
Subtotal Other Self-Insurance	\$1,207,186	\$1,641,284
Total Self-Insurance	\$6,865,620	\$6,610,962

FUND 501

COUNTY INSURANCE FUND

Commercially-Insured Lines of Coverage

Policy	FY 2001 Estimate	FY 2002 Estimate
Property Perils Premium	\$278,992	\$350,000
Inland Marine Premium	41,448	45,000
Aviation (Helicopter) Premium	148,495	155,000
Boiler and Machinery	27,627	24,000
Volunteer Casualty Premium	73,764	85,000
Crime (Monies and Securities) Premium	32,176	15,000
Valuable Papers Premium	42,185	45,000
Fire and Rescue Vehicle Premium	166,625	175,000
Volunteer Firefighter and Auxiliary Police Accidental Death and Dismemberment Premium	47,735	47,000
Faithful Performance Bonds	4,939	8,000
Medical Malpractice Liability Premium	26,009	30,000
Excess Catastrophic	387,004	375,000
Public Employees Blanket Bond	14,065	32,000
Commercial Marine Premium	7,253	5,000
Employee Day Care A&D	2,195	2,500
Park & Ride Liability Insurance	6,099	5,000
Total Commercially-Insured	\$1,306,611	\$1,398,500

Objectives

- ◆ To process 90 percent of all claims within 30 business days from date of incident.
- ◆ To achieve agency compliance with 77 percent of recommended improvements as a result of safety inspections.
- ◆ To assure that no less than 90 percent of the County's insurable assets are inventoried and insured.
- ◆ To achieve agency implementation of 77 percent of risk analysis/assessment recommendations.

Performance Indicators

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate/Actual	FY 2001	FY 2002
Output:					
Claims requiring investigation	1,770	1,989	2,141 / 1,960	2,110	2,050
Inspection reports produced and disseminated	205	183	192 / 176	200	210
Insurable asset submissions to insurance companies	41	41	42 / 42	42	45
Risk assessments conducted	69	74	75 / 75	78	81

FUND 501

COUNTY INSURANCE FUND

Indicator	Prior Year Actuals			Current Estimate	Future Estimate
	FY 1998 Actual	FY 1999 Actual	FY 2000 Estimate/Actual	FY 2001	FY 2002
Efficiency:					
Cost per claim processed	NA	\$121	\$111 / \$122	\$117	\$123
Cost per safety inspection report	\$190	\$190	\$172 / \$172	\$186	\$175
Cost per insurable asset submitted to insurance company	\$260	\$245	\$266 / \$266	\$284	\$260
Cost per risk assessment	\$242	\$216	\$205 / \$205	\$210	\$208
Service Quality:					
Average claims processing time (Days)	22	21	20 / 17	20	20
Percent of reports disseminated within ten days of inspection	86%	90%	99% / 99%	93%	95%
Percent of assets inventoried and insured within ten days of policy renewal	88%	90%	91% / 91%	91%	94%
Percent of risk assessments conducted within three days of request	65%	65%	70% / 75%	70%	75%
Outcome:					
Percent of claims processed within 30 days	85%	89%	90% / 92%	90%	90%
Improvements implemented as a result of the safety inspection	76%	61%	77% / 77%	77%	77%
Percent insurable asset reports to insurance companies within ten percent of insurable assets reported by agencies during inventory	90%	95%	95% / 95%	95%	96%
Percent of risk analysis recommendations implemented by user agencies	75%	78%	75% / 75%	75%	80%

FUND 501

COUNTY INSURANCE FUND

FUND STATEMENT

Fund Type G50, Internal Service Funds

Fund 501, County Insurance Fund

	FY 2000 Actual	FY 2001 Adopted Budget Plan	FY 2001 Revised Budget Plan	FY 2002 Advertised Budget Plan	FY 2002 Adopted Budget Plan
Beginning Balance	\$27,858,563	\$27,661,709	\$31,389,784	\$31,994,004	\$32,019,278
Revenue:					
Interest	\$1,324,905	\$1,099,533	\$1,099,533	\$1,454,835	\$1,454,835
Workers' Compensation	6,581,196	6,735,986	6,735,986	4,485,175	2,908,645
Other Insurance	1,792,530	1,873,878	1,873,878	1,920,725	1,920,725
Total Revenue	\$9,698,631	\$9,709,397	\$9,709,397	\$7,860,735	\$6,284,205
Total Available	\$37,557,194	\$37,371,106	\$41,099,181	\$39,854,739	\$38,303,483
Expenditures:					
Administration	\$913,253	\$932,946	\$949,795	\$1,041,968	\$1,050,924
Workers' Compensation	4,312,215	5,658,434	5,616,311	4,969,678	4,969,678
Self Insurance Losses	1,042,796	1,207,186	1,207,186	1,641,284	1,641,284
Commercial Insurance Premium	1,234,286	1,306,611	1,306,611	1,398,500	1,398,500
Subtotal Expenditures	\$7,502,550	\$9,105,177	\$9,079,903	\$9,051,430	\$9,060,386
COLA Reserve	0	0	0	8,956	0
Expense for Net Change in Accrued Liability ¹	(1,335,140)	0	0	0	0
Total Expenditures	\$6,167,410	\$9,105,177	\$9,079,903	\$9,060,386	\$9,060,386
Total Disbursements	\$6,167,410	\$9,105,177	\$9,079,903	\$9,060,386	\$9,060,386
Ending Balance	\$31,389,784	\$28,265,929	\$32,019,278	\$30,794,353	\$29,243,097
Restricted Reserves:					
Accrued Liability	17,442,417	17,442,417	17,442,417	16,922,708	16,922,708
PC Replacement Reserve	7,200	7,200	7,200	7,200	7,200
Reserve for Catastrophic Occurrences	13,940,167	10,816,312	14,569,661	13,864,445	12,313,189

¹ FY 2000 Actuals have been updated to reflect all FY 2000 audit adjustments. These changes include an expenditure decrease of \$1,335,140 due to the net change in accrued liabilities (value of outstanding claims) based on an annual independent actuarial valuation. This adjustment results in a corresponding adjustment to the total Accrued Liability Ending Balance and Unreserved Balance.